



STATE OF WEST VIRGINIA  
OFFICE OF THE ATTORNEY GENERAL  
DARRELL V. MCGRAW, JR.  
CONSUMER PROTECTION DIVISION  
1-800-368-8808 or 304-558-8986

# Press Release

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## FOR IMMEDIATE RELEASE

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### **Attorney General McGraw Settles with Five More Collection Agencies; \$1Million in Refunds for 492 West Virginia Consumers**

Attorney General Darrell McGraw's scrutiny of the sometimes unscrupulous debt collection industry demonstrates that the complaints of a few abused persons may lead to consumer justice for the many.

For example: The complaint of a Westover woman who was coerced to pay \$700 on a disputed debt after a collector hounded her at work prompted an investigation of Bureau of Asset Management ("BAM"), an unlicensed debt purchaser based in Anaheim, California. BAM quickly agreed to refund all payments it had collected and cancelled almost \$100,000 in questionable credit card debt allegedly owed by 45 West Virginia consumers.

Sometimes it takes longer: A few coal field residents complained years ago when door-to-door salespersons pressured them into financing expensive Kirby vacuum cleaners on high-interest credit cards without their knowledge. McGraw's office followed the money and learned that the bogus accounts were eventually purchased by Ascension Services, Inc. ("Ascension"), an unlicensed debt purchaser based in Hurst, Texas. Although Ascension was not the original wrongdoer, it agreed to refund all payments it collected, more than \$28,000, and cancelled approximately \$240,000 allegedly owed by 173 West Virginia consumers on the questionable accounts it had purchased.

Today Attorney General McGraw announced settlement agreements his office recently entered into with five collection agencies, four of which were debt purchasers, that brought approximately \$949,000 in cancelled debts and refunds for 492 West Virginia consumers. In addition to the settlements with BAM and Ascension, McGraw's office announced agreements with three other companies: Federal Pacific Credit Company of Salt Lake City, Utah; Kessler and Freedman, Inc., of Amherst, New York, and Phillips & Burns of Tampa, Florida.

McGraw's office commenced investigations of these companies after receiving complaints disclosing that they were collecting debts without a license and, in some instances, were engaging in other abusive collection practices. The investigation of Ascension focused on the company's collection of 173 accounts that it purchased from the now-defunct Fidelity Federal Bank ("Fidelity") of Los Angeles, California. These accounts originated from a controversial program in the late 1990s when Fidelity teamed up with Kirby distributors who sold expensive Kirby vacuum cleaners door-to-door and financed them on credit cards. In most instances, the consumers were not credit worthy and did not understand that their purchases were being placed on credit cards.

Attorney General Darrell McGraw stated, "My office continues to be concerned about the increasingly widespread practice in which alleged defaulted accounts, mostly credit card debts, are sold to debt purchasers for pennies on the dollar, years after the default and when proof of the debt may no longer exist. My office will also continue to monitor this industry to ensure that such

debt purchasers are licensed and do not abuse consumers. Notwithstanding our concerns about this industry, I commend these companies for agreeing to conform their practices to West Virginia law and for granting important relief to West Virginia consumers.”

Any persons wishing to file a complaint about a consumer matter or to alert Attorney General McGraw about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808, or by obtaining a complaint form from the consumer web page at [www.wvago.gov](http://www.wvago.gov).

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